

524 gallon elevated storage tank together with necessary appurtenances, in accordance with plans and specifications now on file and heretofore approved, at a cost not to exceed Four Million Seven Hundred Sixty Thousand Dollars (\$4,760,000), including all incidental expenses incurred in connection with said project and in connection with the issuance of bonds on account thereof. The proper officers of the City are hereby authorized to proceed with the construction and installation of said extensions and additions and to enter into all contracts necessary for such purpose in conformity with the provisions of this ordinance and of said Act, subject, however, to the approval of the Public Service Commission for the making of said extension and additions and the issuance of the required amount of revenue bonds. The proper officers of the City are hereby authorized to file or cause to be filed a proper petition or petitions with the Public Service Commission for the purpose of obtaining the required approval of said Commission. The principal and interest of the bonds issued on account of such extensions and additions shall be paid solely and exclusively from the revenues of said waterworks system and shall not constitute a general obligation of the City.

Sec. 3. Beginning as of the date of issuance of the bonds herein authorized, the income and revenues of the existing waterworks, together with the income of all extensions, additions, improvements thereto and replacements thereof made pursuant to this ordinance, or subsequently, shall be set aside into a separate and special fund and maintained in a separate bank account or accounts separate and apart from all other bank accounts of the City to be used and applied in the maintenance and operation thereof, in establishing a depreciation account, and payment of the principal of and interest on all bonds which by their terms are payable from the revenues of the waterworks. The proportion of the gross revenues of said waterworks that shall be paid into the several accounts of said special fund, as provided by said Act, is hereby fixed and determined as follows:

(a) Operation and Maintenance Account. Thirty-eight and six-tenths percent (38.6%) of the gross revenues of the waterworks shall be set aside into the Operation and Maintenance Account and shall be used to pay the necessary cost of the reasonable and proper operation and maintenance of the waterworks, including any taxes required to be paid, but the funds in said account shall not be used for depreciation, replacements, extensions, additions or improvements to the waterworks. The sum so set aside for operation and maintenance shall be applied exclusively to that purpose until a surplus shall be accumulated in the Operation and Maintenance Account which shall be equal to the cost of maintaining and operating the waterworks during the remainder of the calendar, operating or fiscal year then current and the cost of maintaining and operating the waterworks during the calendar, operating or fiscal year then next ensuing. Any excess over such surplus may be transferred to either the Depreciation Account or the Bond and Interest Redemption Account, but all or such portion of such excess shall be transferred to the Bond and Interest Redemption Account to the extent necessary to prevent a default in the payment of interest on or principal of bonds payable from such account.

(b) Depreciation Account. Nine and two-tenths percent (9.2%) of the gross revenues of said waterworks shall be set aside into the Depreciation Account and shall be expended in making good depreciation in the waterworks, or in new construction, extensions or additions to the property of the waterworks. Any accumulations in said Depreciation Account not required for immediate use may be invested in direct obligations of the United States Government, in the manner and to the extent permitted by law, and if so invested the income from such investment shall accrue to the Depreciation Account. Said account shall not be used for any purpose other than as herein provided.

(c) Bond and Interest Redemption Account. Fifty-two and two-tenths percent (52.2%) of the gross revenues of the waterworks shall, as such revenues are received, be set apart and paid into a special account to be identified as the "Bond and Interest Redemption Account". The funds in said account shall be used solely for the purpose of paying the interest and principal of the bonds issued pursuant to the provisions of this ordinance in accordance with the terms hereof and any bonds hereafter issued which by their terms are payable from the revenues of the waterworks, to the extent necessary for that purpose. If and when a surplus shall be created in said Bond and Interest Redemption Account which shall be in excess of the interest on and principal of all the bonds, plus ten percent (10%), which are payable during the then current calendar, operating or fiscal year, together with the amount of interest on and principal of all the bonds which will become due and payable during the calendar, operating or fiscal year then next ensuing, then any excess over such surplus may be transferred either to the Operation and Maintenance Account or to the Depreciation Account. Any such excess over such surplus may also be used in the purchase or redemption of outstanding bonds at a price not exceeding the then applicable redemption price, or if the bonds are not then callable then at a price not exceeding the then next redemption price. No further payments need be made into the Bond and Interest Redemption Account when the funds therein equal or exceed the amount of the principal of all the bonds then outstanding and interest thereon to the maturity dates thereof. Funds necessary to pay the principal of and interest on outstanding bonds shall be remitted promptly to the paying agent bank or banks therefor on or prior to the due dates for the payment of interest and principal.

All of the funds of said several accounts shall be deposited in lawful depositories of the City and shall thereafter be continuously held and secured or invested as provided by the laws relating to the depositing, securing, and holding or investing of public funds, including particularly Chapter 9 of the Acts of 1945, as amended, and in the event of such investment the income therefrom shall become a part of the particular account invested and shall be used only for the purpose of the particular account. In no event shall any of the revenues of said waterworks be transferred or used for any purpose not authorized by this ordinance and no transfers to the general fund or any similar fund of the City shall be made so long as any of the bonds issued pursuant to the provisions of this ordinance shall be outstanding. The funds from the operation of the waterworks on hand on the date of issuance of the bonds herein authorized may be applied on the cost of operation and maintenance, or the cost of the additions and extensions to the waterworks hereinbefore set forth, or